



The Food Foundation representation ahead of the Spring Budget 2024

BACKGROUND

Food prices have increased drastically in the cost-of-living crisis, and wages and benefits have not kept up. As a result, levels of food insecurity doubled over the course of 2022 and have remained high throughout 2023. Our latest survey shows levels remain high with 21% of households with children experiencing food insecurity in June 2023¹. These children have struggled for long enough, first through the Covid-19 crisis and now through the cost-of-living crisis. The Government must ensure all children are able to access a nutritious diet to protect their physical and mental health, and help them reach their full potential.

The following document proposes commitments for consideration in the 2024 Spring Budget statement in 4 key areas, summarised as follows.

1. **Healthy Start:** Expand eligibility, invest in increasing uptake and increase the value of the digital card.
2. **Free School Meals:** Invest in offering Free School Meals to all children, starting with all children from households on Universal Credit.
3. **Benefit and Wage Levels:** Review current levels of benefits and the living wage to ensure they cover the cost of a healthy and sustainable diet.
4. **Food industry levy:** Uprate the soft drinks industry levy and, building on its success, introduce a similar levy for salt and sugar in food, with revenue invested in children's health.

1. HEALTHY START

- The Healthy Start scheme provides pregnant women or pre-school aged children in low-income households with a weekly payment to spend on healthy foods and infant formula.
- Food Foundation data shows that 27% of UK households home to children under the age of four experienced food insecurity in June 2023. This is compared with 22% of households with school-age children (5-17 years) and 15% of households without children. The data illustrates that this age group is at particularly high risk of food insecurity and more needs to be done to support this group specifically.
- To help these households to eat well during the cost-of-living crisis, the Healthy Start scheme should urgently be strengthened – by expanding the eligibility, increasing uptake rates and increasing the value of the scheme.

¹ <https://www.foodfoundation.org.uk/initiatives/food-insecurity-tracking>

Invest in increasing uptake

- Government data shows that Healthy Start uptake still falls short of the NHS' target of 75% uptake set for March 2023.
- For all families to benefit from this scheme, a concerted effort from Government is needed to increase take-up.

OUR ASK: To commit £5 million to fund a comprehensive communications campaign to improve awareness and uptake of Healthy Start.

Expand Eligibility

- Restrictive eligibility criteria result in children falling through the gaps:
 - The current thresholds mean that many families experiencing food insecurity do not benefit – only those with a household income of £408 per month or less excluding benefits are currently eligible.
 - The scheme is currently only available to families with children under 4 years old, leaving a gap between Healthy Start ending and Free School Meals starting, during which children are at higher risk of food insecurity and poor quality diets.
 - Though the scheme has been temporarily expanded to some children from households with No Recourse to Public Funds (NRPF), not all children from these highly vulnerable families are eligible.

OUR ASKS:

- **Expand eligibility to all families on Universal Credit and equivalent benefits with children under 5 years old. This would ensure that more children at risk of food insecurity can benefit and would close the gap in support for 4-year-olds before they start school.**
- **Consult immediately on the permanent extension of Healthy Start to all children in families with NRPF.**

Increase the value of the scheme

- The scheme currently provides each beneficiary with £4.25 per week (£8.50 for children under the age of 1).
- The government announced in the Autumn statement 2020 that the value of the scheme would increase in value from £3.10 to £4.25 from April 2021 (having previously not changed in value since 2009). However, since then food prices have increased drastically so the scheme is now worth less in real terms.
- Between March 2021 (before food prices started to rise) and April 2023, the most widely available and purchased powdered infant formulas increased in cost by an average of 24% and the only 'own-brand' infant formula increased 45% over the same two-year period².

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<https://static1.squarespace.com/static/59f75004f09ca48694070f3b/t/6462575da539fa597ba486d4/1684166494259/First+Steps+Nutrition+Trust+Cost+of+Living+Briefing+May+2023+final.pdf>

- Looking at the six main first infant formula brands across all nine retailers, the price of a tin of powdered formula ranges from £9.39 to £15.95, compared to the Healthy Start transfer value for babies of £8.50 per week³.

OUR ASKS:

- **Healthy Start allowance should be raised in line with food price inflation along with other forms of social security. Thereafter, the Government should review the value every six months.**
- **Additionally, eligible families should be provided with increased Healthy Start payments of £12.75 for the first six months as a short term measure while we await the findings of the CMA's investigation into formula prices.**

Please click [here](#) to see our full briefing paper on investing in Healthy Start.

2. FREE SCHOOL MEALS

We support the submission of the School Food Review Group on this issue.

- Free School Meals provide a nutritional safety net for children at risk of food insecurity.
- 900,000 school children living in poverty in England are currently not eligible for Free School Meals due to the strict eligibility criteria. At present, children are only eligible if their household receives one of a small number of state benefits and/or has earnings below £7,400 per annum after tax and benefits.
- Free School Meals boost attendance and attainment in children⁴. Longer term, this leads to increased life-time earnings⁵.
- Free School Meals improve nutrition and diet quality in children in the short term, helping to reduce NHS costs associated with dietary poor health in the longer-term.⁶
- Children who eat free school meals consume more fruit and vegetables and have lower rates of obesity – studies in London boroughs where Universal Free School Meals have been in place for approximately a decade show that obesity is reduced in Reception children by 9.3%. This is significant given how hard it is to influence obesity through other interventions.
- Research from PwC commissioned by Impact on Urban Health found that extending Free School Meals to all children in households on Universal Credit would result in a benefit of £8.9bn between 2025 and 2045 - this compares to a cost (including CapEx) over the same period of £6.4bn. This means for every £1 invested, £1.38 is returned. In addition, wider economic benefits to local economies and supply chains amount to £16.2bn.
- A quick win in this area could be to allow auto-enrolment for Free School Meals, providing for an opt-out framework instead of an opt-in one. As a statutory scheme, funding for all those eligible should be available. Some local authorities have demonstrated that auto-enrolment is possible and successful in increasing uptake however the local examples do not capture all eligible children and incurs onerous governance and administration for local authorities and schools. National auto-enrolment would require data sharing between the DWP and DfE.

³ <https://www.foodfoundation.org.uk/publication/kids-food-guarantee-update-infant-milk-formula-july-2023>

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/184047/DFE-RR227.pdf

⁵ <https://academic.oup.com/restud/article/89/2/876/6273674?login=false>

⁶ Ibid.

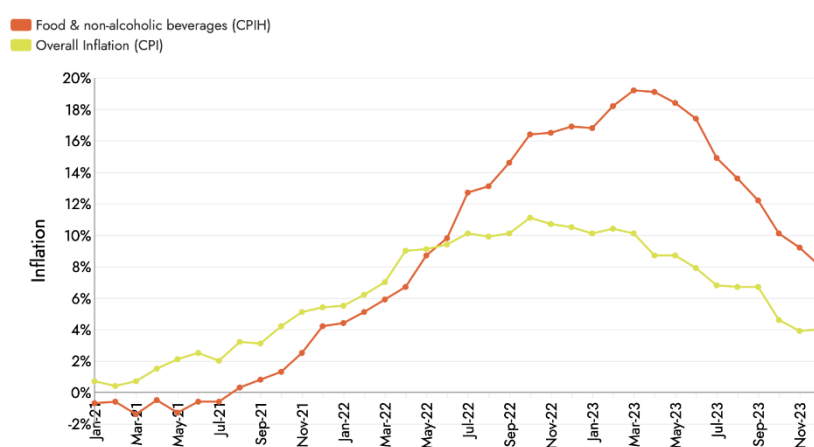
OUR ASK:

- Commit funds to secure Free School Meals to all children, starting with all children from households on Universal Credit.
- Support a national roll out of auto-enrolment for Free School Meals on the basis of it being a statutory scheme, for which funding should already be available.

Please click [here](#) to see our full briefing paper on extending Free School Meals.

3. BENEFITS AND WAGE LEVELS

Annual Consumer Price Index Inflation



Source: [ONS, Consumer price inflation tables](#)



- The inflation rate for food and drinks is over twice as high as overall inflation at 8%, and a weekly food shop remains unaffordable for many. In January 2024, the [Food Foundation's Basic Basket Tracker](#) revealed that the expense associated with a standard food basket that meets broad nutritional requirements has increased by approximately 25.5% compared to its cost in April 2022.
- Even prior to the recent price increases, healthy diets were financially out of reach for many individuals with low incomes. Food Foundation [data](#) showcased that the poorest fifth of the population would need to spend an unrealistic 50% of their disposable income on food to afford the Government recommended healthy diet, the Eatwell Guide.

The cost of living is driving a spiral of diet related inequalities

- The Food Foundation's [Broken Plate 2023](#) revealed that healthier foods are over twice as expensive per calorie as less healthy foods, posing a greater challenge for individuals with lower incomes to eat sufficiently well.
- [Data](#) from the Food Foundation indicates that individuals experiencing food insecurity are cutting back on their purchases of fruits, vegetables, and fish – which are essential for a diet that fosters health and helps prevent the development of diet-related diseases.

The living wage falls short in meeting the cost of nutritional basic needs of the UK population

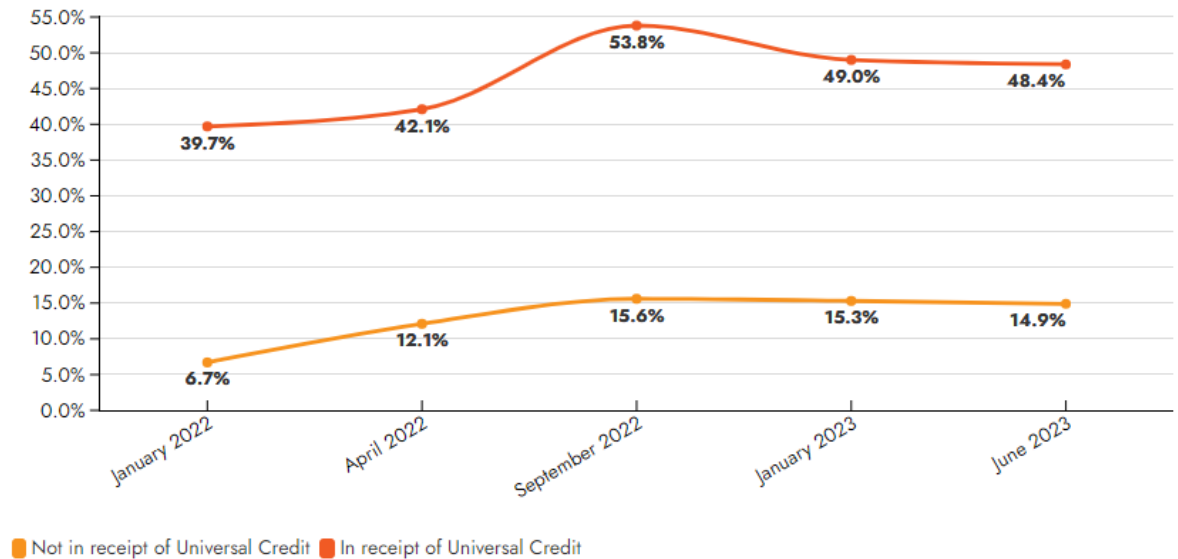
- In November 2023, the Government announced that the [National Living Wage rate](#) for 2024 will be £11.44 per hour. This change will take effect from April 2024.
- However, based on calculations conducted by the [Living Wage Foundation](#), which considers the best available evidence on living standards, the 2023-2024 UK Living Wage for outside of London is £12.00 per hour and the London Living Wage is £13.15 per hour.
- This means that the gap would amount to £1,092 less annual income than a full time UK worker from outside London would earn on the Real Living Wage, and £3,334 less than a full-time worker in London on the Real Living Wage. This [substantial difference](#) could impact a household's ability to afford enough nutritious food.
- It is crucial for the Government to consider wages rates that cover the true cost of a healthy and sustainable diet.

Households in receipt of Universal Credit are at high risk of food insecurity

- The [Family Resources Survey](#) conducted by the DWP for the 2021-22 period, revealed that 27% of households in receipt of Universal Credit experienced food insecurity, in contrast to the 7% average.
- Since the DWP data were collected, levels of food insecurity have further increased. [More recent data](#) from a nationally representative survey conducted by The Food Foundation in June 2023 reveals that among households in receipt of Universal Credit, nearly half (48%) reported experiencing food insecurity in June 2023.

Nearly half of households in receipt of Universal Credit (48.4%) reported experiencing food insecurity in June 2023

Percentage of households experiencing food insecurity*:



* 1-month recall period



- [The Summer 2023 – Cost of Living Tracker](#) conducted by the Joseph Rowntree Foundation highlighted that benefit levels are not aligned with the cost of essentials, including food. Consequently, 87% of low-income households on Universal Credit are presently unable to afford essentials.

- The Universal Credit standard allowance for 2023-2024 is £85 a week for a single adult. According to the [analysis](#) conducted by the Joseph Rowntree Foundation and Trussell Trust for the 2023-2024 period, a single adult would require a minimum basic rate of Universal Credit of £120 per week to cover the cost of essentials, including food, utilities, and vital household goods. This results in a substantial gap of £35 per week.
- It is important for the Government to ensure that Universal Credit rates provide a sufficient income for vulnerable families to attain a socially acceptable minimum standard of living.
- The Household Support Fund has enabled councils to provide vital support suited to the needs of their communities, whether that's through a cash payment so families can buy the essentials they need, or advice and support to help people access the financial support they are eligible for. Ending its funding will undoubtedly see yet more families pushed into destitution.

OUR ASK:

Commit to a review of existing benefit levels and the living wage to ensure that everyone has sufficient income to afford an adequate diet, as one step towards nourishing the nation.

4. FOOD INDUSTRY LEVY ON SALT AND SUGAR

We support the submission from Recipe for Change on this topic.

The Soft Drink Industry Levy (SDIL) has been a success, reducing total sales of sugar from soft drinks by 35% and raising £1.5 billion in the first 5 years which has been invested back into children's health. Two thirds (68%) of the public support a new levy if the funds raised are invested back into children's health.

However, unlike tobacco and alcohol duties, SDIL has not been changed since its introduction April 2018. Evidence suggests that a large proportion of drinks were reformulated just below the 5g entry threshold⁷. However, a drink with 4.5g sugar per 100ml still fails the Nutrient Profiling Model and is considered high in fat, salt and/or sugar (HFSS) in government advertising and promotional regulations. Alongside this, a high proportion of revenues derive from drinks in the higher tier of charging, whilst overall revenues for 2022/23 are estimated to be £355 million, the highest income to date⁸. This suggests that the SDIL may not yet have maximised its potential to drive reformulation nor reached the revenue maximisation point for children's health, and it is time to review the thresholds and charging rates, and test this further.

While there has been some progress in voluntary sugar reduction of milk and alternative milk-based drinks in the pre-packaged retail sector, the last figures for out-of-home open cup milkshakes showed a 12.7% increase in sugar content and a 12.2% increase in calories per single serving from baseline⁹, and we recommend consideration of expanding the scope of the SDIL to include sugary milk and alternative milk-based drinks.

⁷ Scarborough P, Adhikari V, Harrington RA, Elhussein A, Briggs A, Rayner M, et al. (2020) Impact of the announcement and implementation of the UK Soft Drinks Industry Levy on sugar content, price, product size and number of available soft drinks in the UK, 2015-19: A controlled interrupted time series analysis. *PLoS Med* 17(2): e1003025. <https://doi.org/10.1371/journal.pmed.1003025>

⁸ Hm Revenue and Customs (2023), Soft Drinks Industry Levy statistics commentary 2023 [https://www.gov.uk/government/statistics/soft-drinks-industry-levy-statistics-commentary-2021](https://www.gov.uk/government/statistics/soft-drinks-industry-levy-statistics/soft-drinks-industry-levy-statistics-commentary-2021)

⁹ Office for Health Improvement & disparities (2022), Sugar reduction programme: industry progress 2015 to 2020 <https://www.gov.uk/government/publications/sugar-reduction-programme-industry-progress-2015-to-2020>

As recommended by the Recipe for Change¹⁰ campaign and National Food Strategy¹¹, there is an opportunity to introduce a new industry levy on food that contains high levels of salt and sugar. This could take a number of forms, but one option is to apply a levy at a rate of £3/kg on sugar (and some ingredients used for sweetening, but not non-nutritive sweeteners) and £6/kg on salt. This would be applied to all sugar and salt used in manufactured foods or in restaurants and catering and would therefore impact all manufactured food categories in which sugar or salt is used as an ingredient. An exemption would be applied for sugar and salt that goes straight to retail to avoid taxing ingredients that are used in home cooking.

A levy on all sugar and salt sold used in manufactured foods or in restaurants and catering could:

- **Prevent almost 2 million cases** of chronic disease, including over 1 million cases of cardiovascular disease (CVD1), 571,000 cases of type 2 diabetes, 11,000 cases of cancer and 249,000 cases of respiratory disease over 25 years.
- Provide **gains of more than 3.7 million quality adjusted life years, worth £77.9 billion** to the economy over 25 years.

Our ASKS

- **HM Treasury should issue a call for evidence on measures to incentivise healthier food and drink production beyond the Soft Drinks Industry Levy (SDIL), including use of further financial levers.**
- **Announce an intention to uprate the liability under the SDIL starting no later than April 2025.**
- **Announce an intention to review the effectiveness of the current tiered approach to the SDIL.**
- **Signal intent to initiate a process to bring sugary milk and alternative milk-based drinks into scope of the SDIL.**
- **Maintain a commitment to ensuring revenues from SDIL and any further healthy food and drink levies support government investment in programmes to support children's health.**

Please click [here](#) to see the Recipe for Change campaign's full evidence briefing.

ABOUT THE FOOD FOUNDATION

We are a young, dynamic, and impactful charity with a mission to change food policy and business practice to ensure everyone, across the UK, can afford and access a healthy diet, supplied by a sustainable food system. We are independent of all political parties and business. We work with others who believe there is a problem with the system and want to change it.

For further information please contact Joss MacDonald, Public Affairs Lead – joss.macdonald@foodfoundation.org.uk

¹⁰ <https://www.recipeforchange.org.uk/>

¹¹ <https://www.nationalfoodstrategy.org/>